

Market Commentary

All NYMEX | Prior Settlements

Recap: Oil futures rose by more than \$4.00 a barrel on Friday before paring gains, supported by tight supplies but limited to the upside by concern that rising interest rates could push the world economy into recession. Crude has gained support from the almost total shutdown of output in OPEC member Libya due to unrest. The Libyan oil minister said on Thursday the National Oil Corporation chairman was withholding production data from him, raising doubts over figures he issued last week. Macroeconomics will continue to play a key role in the price of oil, with traders selling oil as a hedge against inflation and tight supplies supporting prices. Front Month NYMEX Crude for Aug. delivery lost 37 cents per barrel, or 0.34% to \$107.62 this week, but finished the session up \$3.35, or 3.21%. August Brent finished unchanged for the week, at \$113.12 per barrel but was up \$3.07 or 2.79% for the session.

Market Analysis: Crack spreads, a real-time indicator of demand, continue to push toward record highs. Crack spreads reflect the margins refineries receive for processing one barrel of crude oil into oil products. Higher crack spread prices often reflect rising demand for crude oil products, and when they decline, it is a sign of weakening demand. Supporting higher crack spreads has been the Russian invasion of Ukraine, declining refining capacity in the U.S. with the explosion of Philadelphia Energy Solutions refinery, the largest refinery on the East Coast, along with the exorbitant cost of fixing and maintaining refineries. Add to this, the fact that refineries in China have been running at extremely low rates, and the loss of production out of Venezuela due to sanctions. This winter may prove difficult for consumers as they are already dealing with rising food and gasoline costs. They may have to decide whether to heat their homes or put food on the table. Today, the 3-2-1 crack spread settled at \$62.2333 per barrel. August RBOB gained 11.92 cents, or 3.17%, to settle at \$3.8848 per gallon, for a weekly gain of 9.18 cents, or 2.42%, while August heating oil closed up 2.50 cents, or 0.55%, at \$4.3629 per gallon, up 2.31 cents, or 0.53% for the week.

Fundamental News: The EIA stated that global surplus crude production capacity in May 2022 was less than half its 2021 average, as Western sanctions on Russia for its invasion of Ukraine took hold. The EIA estimated that spare capacity decreased by 80% in non-OPEC countries as of May from a year earlier, while surplus capacity from OPEC fell to 3.0 million bpd by May 2022 from 5.4 million bpd a year earlier. The EIA estimated that as of May, producers in non-OPEC countries had about 280,000 bpd of surplus capacity, down sharply from 1.4 million bpd in 2021. It said 60% of the May 2021 figure was from Russia.

OPEC is scheduled to hold an ordinary meeting on June 29th followed by the OPEC+ meeting on June 30th.

IIR Energy reported that U.S. oil refiners are expected to shut in 524,000 bpd of capacity in the week ending June 24th, increasing available refining capacity by 64,000 bpd. Offline capacity is expected to fall to 511,000 bpd in the week ending July 1st and to 445,000 bpd in the following week.

Iran's Foreign Ministry spokesperson, Saeed Khatibzadeh, said European Union foreign policy chief Josep Borrell will arrive in Tehran on Friday night for talks. He said "Bilateral relations, regional and international issues, as well as the latest status of sanctions lifting will be discussed during the visit, which is part of the ongoing consultations between Iran and the European Union."

An Indian Oil finance executive said he expects oil prices to hold above \$100/barrel for the rest of 2022 amid the Ukraine crisis.

Early Market Call - as of 8:25 AM EDT

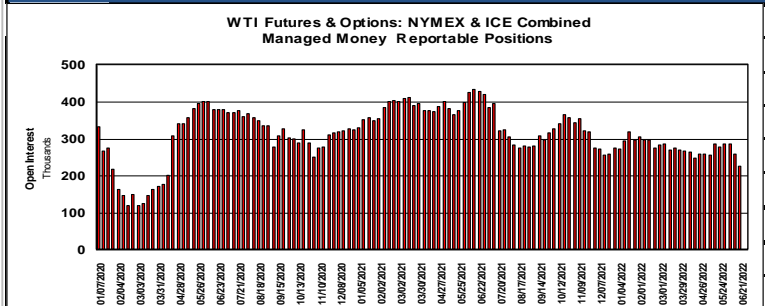
WTI - August \$107.90, up 28 cents

RBOB - July \$3.9137, up 2.89 cents

HO - July \$4.3636, up 7 points

Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
Jul-22	\$4.3629	\$0.0250	\$0.0231
Aug-22	\$4.2448	\$0.0278	\$0.0357
Sep-22	\$4.1399	\$0.0263	-\$0.0692
Oct-22	\$4.0379	\$0.0250	\$0.0081
Nov-22	\$3.9295	\$0.0232	-\$0.0085
Dec-22	\$3.8194	\$0.0201	-\$0.0253
Jan-23	\$3.7248	\$0.0178	-\$0.0432
Feb-23	\$3.6250	\$0.0194	-\$0.0565
Mar-23	\$3.5081	\$0.0233	-\$0.0586
Apr-23	\$3.3880	\$0.0278	-\$0.0584
May-23	\$3.2941	\$0.0311	-\$0.0593
Jun-23	\$3.2312	\$0.0328	-\$0.0534
Jul-23	\$3.1971	\$0.0333	-\$0.0385
Aug-23	\$3.1628	\$0.0345	-\$0.0248
Sep-23	\$3.1222	\$0.0347	-\$0.0164
Oct-23	\$3.0770	\$0.0363	-\$0.0066
Nov-23	\$3.0327	\$0.0382	\$0.0039

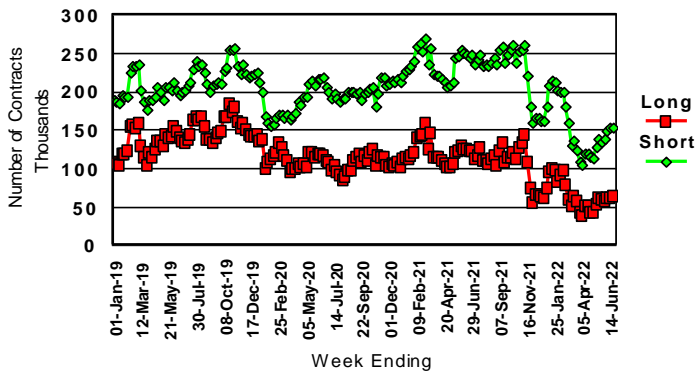
Sprague HeatCurve October 2022-April 2023		\$3.7056
	Close	Change
Crude - WTI	\$107.6200	\$3.3500
Crude - Brent	\$113.1200	\$3.0700
Natural Gas	\$6.2200	-\$0.0190
Gasoline	\$3.8848	\$0.1192



Commitment of Traders Report for the Week Ending June 21, 2022

Producer/Merchant Heat Positons

CFTC Commitment of Traders Report



Managed Money Heat Positons

CFTC Commitment of Traders Report

